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OCT 22 1952

MEMORANDUM FOR: General Counsel  
 THRU: Comptroller  
 SUBJECT: S. 3477 "Severance Pay Act of 1952".

1. Subject bill would provide for a severance pay for officers and employees of the Federal government generally who are involuntarily separated from the service not by removal for cause on charges of misconduct or delinquency. This Office became aware of the existence of the bill upon receipt, late in September, of a copy of the Federal Personnel Council's considerations and recommendations on it. The Federal Personnel Council recommended the endorsement of the principle of severance pay for Federal employees and suggested certain modifications to the bill as introduced.

2. The Council's recommendations, with which this Office is in general agreement, are as follows:

a. Establish a general account or fund to finance the program rather than from funds of the several agency funds in order to equalize the impingement of severance payments on agencies undergoing heavy reductions in force.

b. Devise some language which would correct the inequity which would be caused by present income tax withholding laws regarding lump-sum payments and refunds.

c. Cover alien employees in line with the general objective of the U. S. Government to live up to the standard of prevailing practices in a foreign area.

d. Delete the words "optional or" in subsection 2(b)(2) so that an employee would receive severance pay unless he has fulfilled the requirements for automatic retirement.

e. Reword subsection 2(b)(3) so as to reflect a total and permanent disability as the condition which would exclude the separating employee from eligibility for severance pay. As presently written, if even a minor disability existed severance pay could not be granted.

f. Include employees who are placed in furlough status because of reduction in force in subsection 3(a).

g. Inclusion of a saving clause to permit payment of severance pay on a subsequent separation which was unused from prior employment.

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3. It is recognized that special security requirements of the Agency might preclude the inclusion of CIA employees under this particular bill. If the General Counsel is of the opinion that PL 110 cannot be interpreted to provide sufficient authority it is suggested that consideration be given to inclusion of a provision in subject bill which would permit the DCI to grant severance pay as an administrative matter.

4. This memorandum is transmitted through the Comptroller since it is understood that his Office has not had an opportunity to review this proposed legislation for the implications affecting his functions.

[Redacted Signature Box]

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Assistant Director (Personnel)

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